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# Library Construction And Renovation Bond Act Of 1988

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## Library Construction and Renovation Bond Act of 1988

## Official Title and Summary Prepared by the Attorney General

LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 1988. This act provides for a bond issue of seventy-five million dollars (\$75,000,000) to provide funds for a library construction and renovation program.

## Final Vote Cast by the Legislature on SB 181 (Proposition 85)

Assembly: Ayes 59  
Noes 10

Senate: Ayes 33  
Noes 0

## Analysis by the Legislative Analyst

**Background**

Historically, cities, counties or special districts have paid most of the costs of operating and building facilities for the 169 local public library jurisdictions throughout the state. Since 1982, however, local libraries have received about \$76 million from the state's General Fund to pay a portion of their operating costs and about \$13 million from the federal government for building and remodeling purposes.

**Proposal**

This measure authorizes the state to sell \$75 million of general obligation bonds for grants to specified local agencies to buy property for, construct, renovate and expand local libraries. Grants for books, other library materials, operating expenses, and administrative costs would be prohibited. General obligation bonds are backed by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds. The state would use General Fund revenues to pay the principal and interest costs of the bonds. General Fund revenues come primarily from state corporate and personal income taxes and the state sales tax.

In order to participate in this grant program, local agencies would have to:

- pay 35 percent of the project costs,
- use their own money to buy books and operate the library, and
- operate for at least 20 years any library acquired, constructed, remodeled or rehabilitated with state grant funds under this program.

The State Librarian would administer this grant program. A board made up of certain state officials would review local agency requests and decide which agencies would receive grant money. In reviewing the requests,

the board would consider all of the following factors:

- needs of urban and rural areas,
- projected population growth,
- changing concepts of public library service,
- distance of the proposed project from other existing and proposed facilities, and
- age and condition of the facility.

**Fiscal Effect**

**Direct Costs of Paying Off the Bonds.** For these types of bonds, the state typically would make principal and interest payments from the state's General Fund over a period of about 20 years. If all of the authorized bonds were sold at an interest rate of 7.5 percent, the cost would be about \$134 million to pay off the principal (\$85 million) and interest (about \$59 million). The average payment for principal and interest would be about \$6 million per year.

**Borrowing Costs for Other Bonds.** By increasing the amount which the state borrows, this measure may cause the state and local governments to pay more under other bond programs. These costs cannot be estimated.

**State Revenues.** The people who buy these bonds are not required to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead of making taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.

**Costs to Administer the Program.** The State Librarian may use an amount not to exceed 1 percent of the bond funds to pay the costs of administering the program. The State Librarian would incur about \$750,000 of such costs over the first six years of the program to administer the grants.

**Costs to Operate New Library Facilities.** Local agencies that build new libraries or expand their existing libraries would incur additional operating costs. This added cost cannot be estimated.

## Text of Proposed Law

This law proposed by Senate Bill 181 (Statutes of 1988, Ch. 49) is submitted to the people in accordance with the provisions of Article V, I of the Constitution.

This proposed law adds sections to the Education Code; therefore, the provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED LAW

SECTION 1. Chapter 11 (commencing with Section 19950) is added to Part 11 of the Education Code, to read:

#### CHAPTER 11. CALIFORNIA LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 1988

##### Article 1. General Provisions

19950. This chapter shall be known and may be cited as the California Library Construction and Renovation Bond Act of 1988.

19951. The Legislature finds and declares all of the following:

(a) The public library is a supplement to the formal system of free public education, a source of information and inspiration to persons of all ages, cultural backgrounds, and economic statuses, and a resource for continuing education and reeducation beyond the years of formal education, and therefore deserves adequate financial support from government at all levels.

(b) It is in the interest of the people and of the state that there be a general diffusion of information and knowledge through the continued operation of free public libraries. This diffusion is a matter of general concern inasmuch as it is the duty of the state to provide encouragement to the voluntary lifelong learning of the people of the state.

(c) Many existing public library facilities are not safe, efficient, or accessible for use, adequate for the size of the communities they serve, or otherwise capable of providing the public library services needed by the communities they serve.

(d) Many communities that are populous enough to require a public library facility do not have one.

(e) Local public library authorities do not have sufficient funds to construct or rehabilitate necessary public library facilities.

(f) Funding to meet the need for public library facilities, which is beyond the ability of local government to supply, is most appropriately met by a partnership of state and local governments.

19952. As used in this chapter, the following terms have the following meanings:

"Committee" means the California Library Construction and Renovation Finance Committee created pursuant to Section 19972.

(b) "Fund" means the California Library Construction and Renovation Fund created pursuant to Section 19955.

(c) "Board" means the California Library Construction and Renovation Board. The board includes the State Librarian, the Treasurer, the Director of Finance, the Assembly Member appointed by the Speaker of the Assembly, and the Senator appointed by the Senate Rules Committee.

Legislative members of the board shall meet with, and participate in, the work of the board to the extent that their participation is not incompatible with their duties as Members of the Legislature. For the purposes of this chapter, Members of the Legislature who are members of the board shall constitute a joint legislative committee on the subject matter of this chapter.

##### Article 2. California Library Construction and Renovation Program

19955. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the California Library Construction and Renovation Fund, which is hereby created. Notwithstanding Section 13340 of the Government Code, the fund shall be continuously appropriated without regard to fiscal year.

19956. All moneys deposited in the fund shall be available for grants to any city, county, city and county, or district that is empowered at the time of the project application to own and maintain a facility for the acquisition, construction, remodeling, or rehabilitation of facilities for public library services.

19957. The grant funds authorized pursuant to Section 19956 and the matching funds provided pursuant to Section 19962 shall be used by the recipient for any of the following purposes:

(a) Acquisition or construction of new facilities or additions to existing facilities.

(b) Acquisition of land necessary for purposes of subdivision (a).

(c) Remodeling of existing facilities for energy conservation purposes.

(d) Remodeling of existing facilities to provide access for the disabled.

(e) Rehabilitation of existing facilities to bring them into compliance with current health and safety requirements for public facilities.

(f) Procurement and installation of shelving fastened to the structure, and built-in equipment required to make a facility fully operable.

(g) Payment of fees charged by architects, engineers, and other design professionals whose services are required to plan and execute a project authorized pursuant to this chapter.

19958. No grant funds authorized pursuant to Section 19956 or

matching funds provided pursuant to Section 19962 shall be used by a recipient for any of the following purposes:

(a) Books and other library materials.

(b) Administration costs of the project, including, but not limited to, the costs of all of the following:

(1) Preparation of the grant application.

(2) Procurement of matching funds.

(3) Conducting an election for obtaining voter approval of the project.

(4) Plan checking and code compliance inspections.

(c) Interest or other carrying charges for financing the project, including, but not limited to, costs of loans or lease-purchase agreements in excess of the direct costs of any of the authorized purposes specified in Section 19957.

(d) Any ongoing operating expenses for the facility, its personnel, supplies, or any other library operations.

19959. All construction contracts for projects funded in part through grants awarded pursuant to this chapter shall be awarded through competitive bidding pursuant to Part 3 (commencing with Section 20100) of the Public Contract Code.

19960. This chapter shall be administered by the State Librarian, who shall adopt rules, regulations, and policies for the implementation of this chapter.

19961. A city, county, city and county, or district may apply to the State Librarian for a grant pursuant to this chapter, as follows:

(a) Each application shall be for a project for a purpose authorized by Section 19957.

(b) The applicant shall request not less than thirty-five thousand dollars (\$35,000) per project.

(c) No application shall be submitted for a project for which construction bids already have been advertised.

19962. (a) Each grant recipient shall provide matching funds from any available source in an amount equal to 35 percent of the costs of the project. The remaining 65 percent of the costs of the project shall be provided through allocations from the fund.

(b) Qualifying matching funds shall be cash expenditures in the categories specified in Section 19957 which are made no earlier than three years prior to the submission of the application to the State Librarian. Except as otherwise provided in subdivision (c), in-kind expenditures shall not qualify as matching funds.

(c) Land donated or otherwise acquired for use as a site for the facility, including, but not limited to, land purchased more than three years prior to the submission of the application to the State Librarian, may be credited towards the 35 percent matching funds requirement at its appraised value as of the date of the application.

(d) Cash expenditures of not to exceed 10 percent for furnishings required to make the facility fully operable may be credited towards the 35 percent matching funds requirement. The recipient shall certify to the board that these furnishings have an estimated useful life of not less than 10 years.

(e) Architect fees for plans and drawings for library renovation and new construction, including plans and drawings purchased more than three years prior to the submission of the application to the State Librarian, may be credited towards the 35 percent matching funds requirement.

19963. An amount not to exceed 1 percent of the cost of construction of the project may be used for appropriate works of art to enhance the facility.

19964. (a) The estimated costs of a project for which an application is submitted shall be consistent with normal public construction costs in the applicant's area.

(b) An applicant wishing to construct a project with costs which exceed normal public construction costs in the applicant's area may apply for a grant in an amount not to exceed 65 percent of the normal costs if the applicant certifies that it is capable of financing the remainder of the project costs from other sources.

19965. Once an application has been approved by the board and included in the State Librarian's request to the committee, the amount of funding to be provided to the applicant shall not be increased. Any actual changes in project costs shall be the full responsibility of the applicant. In the event that the amount of funding which is provided is greater than the cost of the project, the applicant shall return that portion of the funding which exceeds the cost of the project to the State Librarian.

19966. In reviewing applications, the board shall consider all of the following factors:

(a) Needs of urban and rural areas.

(b) Projected population growth.

(c) Changing concepts of public library service.

(d) Distance of the proposed project from other existing and proposed facilities.

(e) Age and condition of the facility.

19967. (a) A facility, or the part thereof, acquired, constructed,

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## Argument in Favor of Proposition 85

California is in the midst of extraordinary population and economic growth. THIS YEAR ALONE, CALIFORNIA'S POPULATION HAS GROWN BY 600,000 PEOPLE! Like many important community services, libraries have been unable to keep pace. The results are:

- MANY CALIFORNIA COMMUNITIES DO NOT HAVE A LOCAL LIBRARY.
- Many communities rely on old structures that need to be expanded, strengthened for earthquake safety, made more accessible to the handicapped, or remodeled for efficiency. SOME LIBRARIES CURRENTLY IN USE WERE BUILT AS FAR BACK AS 1852—MANY PRIOR TO 1930.
- Important library programs, LIKE NEW PROGRAMS FOR CHILDREN AND ADULTS JUST LEARNING TO READ, have placed added demands on library facilities.

Proposition 85 is a common sense, cost-effective approach to address these critical problems. Your yes vote for Proposition 85 will NOT raise taxes.

Proposition 85 establishes a partnership of state and local government, in which the state pays only 65% of the

construction or renovation cost. The local community must cover the remaining 35%. That means a library must be a priority to the local community before the state will help finance it. That also means Proposition 85 will actually result in over \$115 million in library construction and renovation.

Libraries are the open, community-based, public way we make our heritage, literature, knowledge, and skills available to all Californians. Daniel Boorstin, former Director of the Library of Congress, said:

"Libraries remain the meccas of self-help, . . . where there are no entrance examinations and no diplomas, and where we can enter at any age."

We need safe and efficient libraries to serve our communities. We need Proposition 85!

**BARRY KEENE**  
*State Senator, 2nd District*  
*Senate Majority Leader*

**KEN MADDY**  
*State Senator, 14th District*  
*Senate Minority Leader*

**HELEN H. LINDSEY**  
*President, California State PTA*

## Rebuttal to Argument in Favor of Proposition 85

The proponents of this bond measure are telling less than the truth when they say Proposition 85 will not raise taxes. They fail to note that bonds are backed by the full faith and credit of the State of California. When the word "state" is mentioned, this really means "taxpayer."

In 1979 voters passed Proposition 4 by a 74% majority. This measure, known as the "Gann Spending Limit," limits the annual rise in state budgets. Politicians like Senators Keene and Maddy are frustrated by their inability to directly spend more of the taxpayers' money. Since bonds are exempt from the spending limits, their use has grown phenomenally over the last eight years. There are \$3,282,000,000 in bonds on this ballot alone!

It's time to stop approving every bond measure that comes up for a vote. You may love a certain program or

service, but always remember that someone must pay. And that someone is YOU!

Proposition 85 creates a dangerous precedent of a "partnership of state and local government." This just means that state officials will be interfering in local affairs more than they do already.

Proposition 85 is expensive, flawed, and deceptive. VOTE NO on Proposition 85.

**TED BROWN**  
*Chairman, Libertarian Party of California*  
*Candidate for U.S. Congress, 22nd District*

**KIM J. GOLDSWORTHY**  
*Southern Vice Chairman, Libertarian Party of California*  
*Candidate for U.S. Congress, 30th District*

**SARAH E. FOSTER**  
*Libertarian Candidate for State Senator, 23rd District*

# Library Construction and Renovation Bond Act of 1988

85

## Argument Against Proposition 85

The State Legislature asks you to approve \$75 million in bonds to improve public library facilities. We urge you to vote NO.

Libraries are usually run by cities and counties. Since when has the state government been responsible for the upkeep of libraries? The state already requires spending for numerous programs in California's cities and counties. This appears to be further interference in an area where it is completely unnecessary.

In any event, this measure is unfair to most Californians. Less than one-third of the people use library services, yet they are subsidized by the other two-thirds of the non-library-patronizing public. Poor and lower income residents must pay taxes for services that are used primarily by middle- and upper-middle-class white collar individuals.

This subsidy should end. Many libraries across the country already charge for special services, such as loaning best sellers, giving interlibrary loans, handling equipment rentals, etc. Why shouldn't library patrons pay either an annual membership fee or a by-the-book rental fee for regular library services? Let those who want a service pay for it!

The first library in the United States was a private subscription library founded by Benjamin Franklin in 1731. Many communities today use the same method by charging an annual fee and by using volunteer staff.

Others have contracted library services to private companies.

If a service is worthwhile, as libraries certainly are, it will be provided in the free market. Libraries receive extensive gifts and endowments even now. Such contributions would increase if there was a lack of government financing.

Please remember when you cast your ballot that there are \$3,282,000,000 worth of bonds being proposed. This measure by itself may seem small, but it is part of a much larger picture. Remember that a "bond" is defined as "anything that binds, fastens, or confines; imprisonment; captivity." Californians will be stuck paying the bill for 30 YEARS.

A vote for Proposition 85 will put the state government into yet another area where it doesn't belong—and will put us in debt at the same time. Vote NO on Proposition 85 and vote NO on all the other bond measures on this ballot.

**TED BROWN**

*Chairman, Libertarian Party of California  
Candidate for U.S. Congress, 22nd District*

**KIM J. GOLDSWORTHY**

*Southern Vice Chairman, Libertarian Party of California  
Candidate for U.S. Congress, 30th District*

**SARAH E. FOSTER**

*Libertarian Candidate for State Senator, 23rd District*

## Rebuttal to Argument Against Proposition 85

Despite claims of opponents of Proposition 85, the State of California has a history of commitment to public libraries dating back to the turn of the century. Provisions for a statewide system of local public libraries are firmly fixed in *state* law, not local ordinances.

The opponents' statement that bond funds would be used to run libraries which are "usually run by cities and counties" is absolutely misleading. The *only* use of these funds is for projects to build or renovate library structures. Local communities would continue to retain operational control of libraries, and pay operational costs as they deem necessary.

State bond funds are used to build local schools, acquire community parks, and build county jails. Community libraries supplement our system of free public education. To argue that bond funding should not be available for library construction denies education the top priority given it by the State Constitution.

It is appropriate to use bonds for public library facilities because the facilities will be available for public use throughout the period when the bonds are being paid off. Bond financing is also the mechanism preferred by private industry to fund major building projects. California has a AAA bond rating, and the nonpartisan Legislative Analyst has concluded that "there is no evidence that California's current debt burden is excessive or poses any significant fiscal threat."

We need to have local libraries to serve our growing communities. Proposition 85 is the logical, cost-effective way to build those libraries. Vote "YES" on Proposition 85.

**MARIAN BERGESON**

*State Senator, 37th District*

**TOM BRADLEY**

*Mayor, City of Los Angeles*

**RICHARD P. SIMPSON**

*Executive Vice President  
California Taxpayers' Association*

## Proposition 85: Text of Proposed Law

*Continued from page 33*

remodeled, or rehabilitated with grants received pursuant to this chapter shall be dedicated to public library direct service use for a period of not less than 20 years following completion of the project, or the useful life of the building, whichever is longer.

(b) If the facility, or part thereof, acquired, constructed, remodeled, or rehabilitated with grants received pursuant to this chapter ceases to be used for public library direct service prior to the expiration of the period specified in subdivision (a), the board shall be entitled to recover from the grant recipient or the recipient's successor in the maintenance of the facility, an amount which bears the same ratio to the value of the facility, or the appropriate part thereof, at the time it ceased to be used for public library direct service as the amount of the grant bore to the cost of the facility or appropriate part thereof. For purposes of this subdivision, the value of the facility, or the appropriate part thereof, shall be determined by the mutual agreement of the parties, or through an action brought for that purpose in the superior court.

(c) The board may release the grant recipient or the recipient's successor in the maintenance of the facility from its obligation under subdivision (a), and waive the requirements of subdivision (b), if the board determines that so doing would not diminish the quality of public library service in the community served by the facility.

(d) Notwithstanding subdivision (f) of Section 16724 of the Government Code, moneys recovered pursuant to subdivision (b) shall be deposited in the fund, and shall be available for the purpose of awarding grants for other projects.

### Article 3. Fiscal Provisions

19970. Bonds in the total amount of seventy-five million dollars

(\$75,000,000) (exclusive of refunding bonds), or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

19971. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

19972. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the California Library Construction and Renovation Finance Committee is hereby created. For purposes of this chapter, the California Library Construction and Renovation Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the State Librarian, the Director of Finance, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the California Library Construction and Renovation Board is designated the "board."

19973. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order

to carry out the actions specified in Article 2 (commencing with Section 19955), and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

19974. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

19975. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out the provisions of Section 19976, appropriated without regard to fiscal years.

19976. For the purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, with interest at the rate earned by the money in the Pooled Money Investment Account during the time the money was withdrawn from the General Fund pursuant to this section from money

received from the sale of bonds for the purpose of carrying out this chapter.

19977. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

19978. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of bonds shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

19979. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

19980. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

19981. An amount not to exceed 1 percent of the fund may be used by the State Librarian for costs of administering this chapter.

## Proposition 86: Text of Proposed Law

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not necessary that all of the bonds authorized to be issued be sold at any one time.

4496.38. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

4496.40. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out the provisions of Section 4496.42, appropriated without regard to fiscal years.

4496.42. For the purposes of carrying out this title, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund. Any money made available under this

section, plus any interest that the amounts would have earned in the Pooled Money Investment Account, shall be returned to the General Fund from money received from the sale of bonds for the purpose of carrying out this title.

4496.44. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

4496.46. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code.

4496.47. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out the provisions of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. The board shall execute such documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

4496.48. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this title are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

## Proposition 87: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 56 (Statutes of 1988, Resolution Chapter 54) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout~~ type and new provisions proposed to be added are printed in *italic* type to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XVI, SECTION 16

SEC. 16. All property in a redevelopment project established under the Community Redevelopment Law ~~Act~~ as now existing or hereafter amended, except publicly owned property not subject to taxation by reason of ~~such~~ that ownership, shall be taxed in proportion to its value as provided in Section 1 of this article, and ~~such~~ those taxes (the word "taxes" as used herein ~~shall include~~ includes, but ~~shall~~ is not be limited to, all levies on an ad valorem basis upon land or real property) shall be levied and collected as other taxes are levied and collected by the respective taxing agencies.

The Legislature may provide that any redevelopment plan may contain a provision that the taxes, if any, so levied upon ~~such~~ the taxable property in a redevelopment project each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (hereinafter sometimes called "taxing agencies") after the effective date of the ordinance approving the redevelopment plan, shall be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of ~~said~~ those taxing agencies upon the total sum of the assessed value of the taxable property in the redevelopment project as shown upon the assessment roll used in connection with the taxation of ~~such~~ that property by ~~such~~ the taxing agency, last equalized prior to the effective date of ~~such~~ the ordinance, shall be allocated to, and when collected shall be paid into, the funds of the respective taxing agencies as taxes by or for ~~said~~ those taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or agencies which did not include the territory in a redevelopment project on the effective date of ~~such~~ the ordinance but to which

~~such~~ that territory has been annexed or otherwise included after ~~such~~ the ordinance's effective date, the assessment roll of the county last equalized on the effective date of ~~said~~ that ordinance shall be used in determining the assessed valuation of the taxable property in the project on ~~said~~ that effective date); and

(b) ~~That~~ Except as provided in subdivision (c), that portion of ~~said~~ the levied taxes each year in excess of ~~such~~ that amount shall be allocated to and when collected shall be paid into a special fund of the redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by ~~such~~ the redevelopment agency to finance or refinance, in whole or in part, ~~such~~ the redevelopment project. Unless and until the total assessed valuation of the taxable property in a redevelopment project exceeds the total assessed value of the taxable property in ~~such~~ the project as shown by the last equalized assessment roll referred to in ~~paragraph designated as~~ *hereof subdivision (a)*, all of the taxes levied and collected upon the taxable property in ~~such~~ the redevelopment project shall be paid into the funds of the respective taxing agencies. When ~~said~~ the loans, advances, and indebtedness, if any, and interest thereon, have been paid, then all moneys thereafter received from taxes upon the taxable property in ~~such~~ the redevelopment project shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(c) *That portion of the taxes identified in subdivision (b) which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property shall be allocated to, and when collected shall be paid into, the fund of that taxing agency. This paragraph shall only apply to taxes levied to refund bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989.*

The Legislature may also provide that in any redevelopment plan or in the proceedings for the advance of moneys, or making of loans, or the incurring of any indebtedness (whether funded, refunded, assumed, or otherwise) by the rede-